

Data Sheet

USAID Mission:	Russia
Program Title:	Special Initiatives
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0410
Proposed FY 2004 Obligation:	\$12,000,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$11,000,000 FSA
Year of Initial Obligation:	FY1999
Year of Final Obligation:	FY 2005

Summary: USAID provides financial support for The U.S.-Russia Investment Fund (Fund or TUSRIF).

Inputs, Outputs, Activities:

FY 2004 Program:

U.S.-Russia Investment Fund (\$12,000,000 FSA). USAID will finance TUSRIF in order to provide a variety of investments and financial services for the Russian market. To date USAID has provided a total of \$316 million in funding. The Fund will continue to have offices in Moscow, Yekaterinburg (Urals), Khabarovsk, Yuzhno-Sakhalinsk, Vladivostok (Russian Far East), Rostov-on-Don (Southeast Russia), and St. Petersburg (Northwest Russia). The direct equity investment program of the Fund will continue to focus on investments in consumer products and the telecommunications, media, technology and financial services sectors because of these sectors' profitability and growth as the Russian economy grows. The four financial services sector subsidiaries created under the Delta brand name by the Fund will provide a variety of financial services to consumers and small and medium-size businesses. Delta Credit Bank will provide residential mortgages. Delta Bank will provide consumer finance and credit cards. Delta Leasing and DeltaLease Far East will continue to provide business equipment lease financing for small and medium-size businesses. TUSRIF will continue to actively manage its equity portfolio, and seek to liquidate its investments as opportunities emerge to exit profitably. It is actively seeking private investors to augment and ultimately replace U.S. Government financing. Principal implementer is The U.S.-Russia Investment Fund, managed by Delta Capital.

FY 2005 Program:

The U.S.-Russia Investment Fund (\$11,000,000). USAID intends to continue financial support for the Fund to pursue profitable investments and provide financial services that fill a need in the Russian market, while seeking to raise private capital. Principal implementer: same as above.

Performance and Results: Equity financing of \$282 million was provided to 43 firms that employ approximately 20,000 people. The Fund and the 33 private banks in its Bank Partner Program have funded \$55 million in loans to 2,500 small businesses. TUSRIF provided \$12 million in technical assistance to improve the operations and accountability of companies as well as to improve the private sector policy environment in Russia. About \$407 million in joint-venture funding has also been attracted for investments in 33 of the Fund's companies. The Fund's four financial sector subsidiaries have raised \$70.0 million in third party debt financing to expand their programs from sources such as the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC), and Overseas Private Investment Corporation (OPIC). TUSRIF is in the process of raising a private fund that may conclude the first round of financing in the next few months.

Since 2001, TUSRIF has experienced considerable liquidity in its portfolio of companies with a number of profitable exits from investments. In 2003, the growing success of Delta Leasing resulted in a management buy-out of this business with a 40% internal rate of return on this investment for the Fund.